

**SECOND AMENDMENT TO INDENTURE AND SECURITY AGREEMENT**

This SECOND AMENDMENT TO INDENTURE AND SECURITY AGREEMENT (this "Agreement"), dated as of February 29, 1996, is between FLEET NATIONAL BANK OF CONNECTICUT (formerly known as Shawmut Bank Connecticut, N.A. (formerly known as The Connecticut National Bank)) (in its individual capacity, "Fleet" and, in its capacity as owner trustee, the "Owner Trustee") as successor Owner Trustee under a Trust Agreement dated as of February 1, 1985 for the benefit of NICHIMEN AMERICA CAPITAL CORPORATION as successor in interest to Nichimen America Inc. ("Nichimen America") (the "Owner Participant"), and WACHOVIA BANK OF NORTH CAROLINA, N.A. (formerly, Wachovia Bank and Trust Company, N.A.), a national banking association, as indenture trustee (the "Indenture Trustee").

**RECITALS**

A. PCS Phosphate Company, Inc., a Delaware corporation (formerly Texasgulf Inc.) (the "Lessee"), Owner Trustee, Owner Participant, Morgan Guaranty Trust Company of New York (the "Loan Participant") and Indenture Trustee entered into a Participation Agreement dated as of February 1, 1985 (as amended, supplemented and otherwise modified from time to time, the "Participation Agreement").

B. The Participation Agreement provided for, among other things, (i) the sale by Lessee to Owner Trustee of the Rail Cars (as defined in the Lease) and (ii) the leasing of such Rail Cars by Owner Trustee to Lessee pursuant to a Lease Agreement dated as of February 1, 1985 between Owner Trustee and Lessee (as amended, supplemented and otherwise modified from time to time, the "Lease") and the Lease is in full force and effect.

C. Pursuant to the Participation Agreement, Owner Trustee and Indenture Trustee entered into an Indenture and Security Agreement dated as of February 1, 1985 (the "1985 Indenture") which provided for, among other things, the issuance of an equal and ratable security for the Loan Certificates. Owner Trustee and Indenture Trustee subsequently entered into Amendment Number One to Indenture and Security Agreement ("Amendment Number 1") dated as of July 3, 1989 to reduce the interest rates applicable to Prime Loans (the 1985 Indenture and Amendment No. 1 are hereinafter collectively referred to as the "Indenture").

D. Potash Corporation of Saskatchewan Inc., a Saskatchewan corporation ("Potash"), acquired all of the outstanding capital stock of Lessee pursuant to the Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of March 5, 1995, among Elf Aquitaine, Inc., a Delaware corporation, Williams Acquisition Holding Company, Inc., a New Jersey corporation, Potash, Reserveco, a Delaware corporation, and Lessee.

E. The parties to the Indenture desire to amend the Indenture with respect to the interest rate applicable to the Loans and the Owner Participant and the Loan Participant consent to such amendment.

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F. Contemporaneously with the execution of this Agreement, the parties to the Participation Agreement are entering into a First Amendment of Participation Agreement among the parties named therein and dated as of the date hereof (the "Participation Agreement Amendment").

G. Contemporaneously with the execution of this Agreement, the parties to the Lease are entering into a First Amendment of Lease between Owner Trustee and Lessee dated as of the date hereof (the "Lease Amendment").

H. Contemporaneously with the execution of this Agreement, Potash has agreed to give a guaranty dated as of April 10, 1995 among Potash, Owner Trustee and Fleet (the "Potash Guaranty").

NOW THEREFORE, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, parties hereto agree as follows:

1. Definitions. Each capitalized term used but not otherwise defined herein has the meaning given such term or defined by reference in the Indenture.

2. Amendments. Effective as of and after the Effective Date, the Indenture is hereby amended as follows:

(a) Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Indenture shall from and after the date hereof refer to the Indenture as amended hereby.

(b) Notwithstanding any other provision contained in the Indenture, from and after January 1, 2000 until the principal of and interest on all Loans outstanding pursuant to the Indenture have been repaid in full, all Loans outstanding pursuant to the Indenture shall be Prime Loans.

(c) The second full paragraph of Section 2.03(a) is hereby deleted and replaced with the following:

As used herein, the term "Adjusted Prime Rate" means the sum of the Prime Rate plus (i) on any date to and including the last Quarterly Payment Date in 1999 and (ii) thereafter.

(d) The second paragraph of Section 2.03(b) is deleted and replaced to read as follows:

The "CD Rate" applicable to the CD Loan Certificates for any Interest Period means the sum of the Adjusted CD Rate plus (i) to and including the last Quarterly Payment Date in 1995 and (ii) thereafter to and including the last Quarterly Payment Date in 1999.

(e) The year "1995" in the first paragraphs of Sections 2.03(b) and (c) are hereby deleted and replaced with the year "1999".

(f) The second full paragraph of Section 2.03(c) is hereby deleted and replaced with the following:

"Euro-Dollar Margin" means (i) to and including December 31, 1995 and (ii) thereafter to and including December 31, 1999.

(g) The year "1995" in the first paragraph of Section 2.07(e) is hereby deleted and replaced with the year "1999".

3. Effective Date. This Agreement shall become effective on the date (the "Effective Date") on which all of the following conditions have been satisfied:

(a) The Owner Trustee, the Owner Participant and the Loan Participant shall have received on or before the Effective Date the following, each dated such date, in form and substance satisfactory to the Owner Trustee and the Loan Participant:

(i) copies of the resolutions of the Board of Directors of Lessee authorizing the execution, delivery and performance of the Participation Agreement Amendment and the Lease Amendment and any other documents which may be delivered in connection therewith certified by the Secretary or an Assistant Secretary of Lessee (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(ii) a certificate of the Secretary or an Assistant Secretary of Lessee certifying the names and true signatures of the officers of Lessee authorized to sign the Participation Agreement Amendment and the Lease Amendment;

(iii) copies of the Certificate of Incorporation and By-Laws of Lessee, certified by the Secretary or Assistant Secretary of Lessee;

(iv) a Certificate of Status issued by the Secretary of State of Delaware as to the legal existence and good standing of Lessee;

(v) copies of the resolutions of the Board of Directors of Potash authorizing the execution, delivery and performance of the Potash Guaranty and any other documents which may be delivered in connection therewith certified by the Secretary or

an Assistant Secretary of Potash (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(vi) copies of the Articles of Incorporation and By-Laws of Potash, certified by the Secretary or Assistant Secretary of Potash;

(vii) a Certificate of Status issued by the Province of Saskatchewan Ministry of Justice (Corporations Branch) as to the legal existence and good standing of Potash;

(viii) a certificate of the Secretary or an Assistant Secretary of Potash certifying the names and true signatures of the officers of Potash authorized to sign the Potash Guaranty;

(ix) favorable opinions of Arent Fox Kintner Plotkin & Kahn, special counsel to Lessee and Potash, T. Carlton Younger, Jr., General Counsel of Lessee and of John L.M. Hampton, General Counsel of Potash, in a form and as to such matters as the Owner Trustee, the Owner Participant and the Loan Participant may reasonably request;

(x) an executed counterpart of the Participation Agreement Amendment and the Lease Amendment (collectively the "Amendments"), this Agreement and the Potash Guaranty shall have been duly authorized, executed and delivered;

(xi) an Officer's Certificate of Potash, dated the Effective Date, stating that the representations and warranties of Potash contained in the Potash Guaranty are true and accurate on and as of the Effective Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date); and

(xii) such other documents, instruments, approvals and opinions as Owner Trustee, the Owner Participant, Loan Participant and Indenture Trustee may reasonably request.

(b) No action or proceeding shall have been instituted or threatened for the purpose or with the probable or reasonably likely effect of enjoining or preventing the execution, delivery and performance of this Agreement or the Potash Guaranty or the consummation of the transactions contemplated hereby and thereby.

(c) Any required consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign or of any other person, individual person, corporation, partnership, trust, joint venture or other entity necessary by or

with respect to Lessee or Potash in connection with the execution and delivery or performance of this Agreement by Lessee or the Potash Guaranty by Potash shall have been obtained.

4. Exchange of Loan Certificates. On the Effective Date, (i) the Loan Participant shall deliver the CD Loan Certificate and the Euro-Dollar Loan Certificate to the Indenture Trustee in accordance with Section 2.16 of the Indenture for cancellation and delivery to the Owner Trustee and (ii) the Owner Trustee will execute and deliver to the Indenture Trustee and the Indenture Trustee shall authorize and deliver new Loan Certificates in the same form with a maturity date of December [30], 1999, in the same aggregate original principal amount and dated the same date or dates as the Loan Certificates being surrendered, and in such denominations and registered in the name of such payees as shall be specified in writing by the Loan Participant.

5. Miscellaneous.

(a) Costs, Expenses and Taxes. Lessee agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution and delivery of this Agreement, the Amendments, the Potash Guaranty and any other documents which may be delivered in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Loan Participant, the Owner Participant and the Owner Trustee with respect thereto. In addition, Lessee shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the Amendments or the Potash Guaranty and agrees to save the Loan Participant, the Owner Participant and the Owner Trustee harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

(b) Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(c) Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which, when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(d) Effect of Agreement. Except as otherwise expressly provided in this Agreement, which shall be read as one with the Indenture as if fully set forth therein, the Indenture shall remain unchanged and in full force and effect and is hereby confirmed in all respects. In the event of any conflict between the provisions of this Agreement and the Indenture, the provisions hereof shall govern.

(e) Amendments. No term or provision of this Agreement may, be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought.

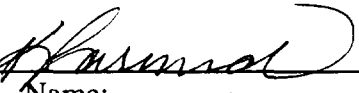
(f) Headings; References. The headings of the various sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. All references in this Agreement to Sections, Exhibits and Appendices refer, unless otherwise specified, to Sections, Exhibits and Appendices of the Indenture.

(g) Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of New York. This Agreement has been delivered in the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

**OWNER TRUSTEE:**

FLEET NATIONAL BANK OF CONNECTICUT  
individually and as Owner Trustee

By:   
Name: Kathy A. Larimore  
Title: Assistant Vice President

**INDENTURE TRUSTEE:**

WACHOVIA BANK OF NORTH CAROLINA, N.A.

By: \_\_\_\_\_  
Name:  
Title:

(e) Amendments. No term or provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought.

(f) Headings; References. The headings of the various sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. All references in this Agreement to Sections, Exhibits and Appendices refer, unless otherwise specified, to Sections, Exhibits and Appendices of the Indenture.

(g) Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of New York. This Agreement has been delivered in the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

**OWNER TRUSTEE:**

FLEET NATIONAL BANK OF CONNECTICUT  
individually and as Owner Trustee

By: \_\_\_\_\_  
Name:  
Title:

**INDENTURE TRUSTEE:**

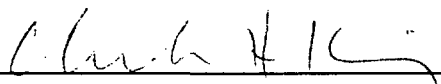
WACHOVIA BANK OF NORTH CAROLINA, N.A.

By:  \_\_\_\_\_  
Name:  
Title:

The Owner Participant and the Loan Participant hereby consent to and approve the foregoing Second Amendment to Indenture and Security Agreement and hereby waive their right to have received 30 days prior written notice of this Second Amendment pursuant to Section 8.01 of the Indenture. The Owner Participant and the Loan Participant instruct the Owner Trustee and the Indenture Trustee to enter into this Second Amendment to Indenture and Security Agreement. This waiver and consent is effective only for the specific instance and the specific purpose expressly provided herein and is given in full consideration of, and without prejudice to, the rights of the Loan Participant and the Owner Participant except as expressly provided herein.

**LOAN PARTICIPANT;**

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By:   
Name:  
Title: CHARLES H. KING  
VICE PRESIDENT

**OWNER PARTICIPANT:**

NICHIMEN AMERICA CAPITAL CORPORATION  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:



Section 8.01 of the Indenture. The Owner Participant and the Loan Participant instruct the Owner Trustee and the Indenture Trustee to enter into this Second Amendment to Indenture and Security Agreement. This waiver and consent is effective only for the specific instance and the specific purpose expressly provided herein and is given in full consideration of, and without prejudice to, the rights of the Loan Participant and the Owner Participant except as expressly provided herein.

**LOAN PARTICIPANT:**

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: \_\_\_\_\_

Name:

Title:

**OWNER PARTICIPANT:**

NICHIMEN AMERICA CAPITAL CORPORATION

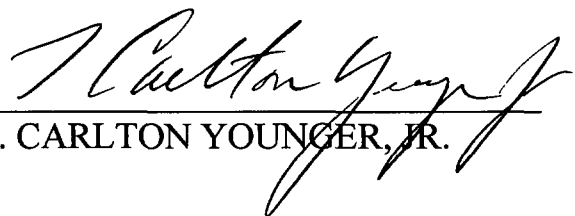
By:  \_\_\_\_\_

Name: Shigeyuki Watanabe

Title: President

State of North Carolina    )  
  ):ss  
County of Wake                )

I, T. Carlton Younger, Jr., being duly sworn do hereby certify that the attached "Second Amendment to Indenture and Security Agreement" dated as of February 29, 1996 between Fleet National Bank of Connecticut, Nichimen America Capital Corporation and Wachovia Bank of North Carolina, N.A. consisting of nine pages, is a true and complete copy of the original hereof.

  
T. CARLTON YOUNGER, JR.

Subscribed and Sworn to before me this 28<sup>th</sup> day of February, 1997.



  
NOTARY PUBLIC

My Commission expires: August 12, 2000